



416

Re: Patent Application

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

*In re Application of:* Barry J. Fiala and Mark B. Hodes  
Application No. 10/041,934  
Filed: January 8, 2002  
Group Art Unit: 2161  
Examiner: (unknown)  
Assignee: Riverborne Communications, LLC  
Att'y Docket No.: A0,031  
For: Point-of-Sale Activation and Subsequent Registration of Products

RECEIVED  
SEP 24 2002  
OFFICE OF PETITIONS

Commissioner for Patents  
Washington, D.C. 20231

**Petition under 37 C.F.R. § 1.47(a)  
to Accept Application  
when an Inventor Refuses to Sign**

Pursuant to 37 C.F.R. § 1.47(a), Assignee Riverborne Communications, LLC, and Barry J. Fiala, one of the joint inventors/applicants in this application, hereby petitions the Commissioner to accept and prosecute this application without the signature of one of the inventors, Mark B. Hodes, who refuses to sign the application.

A Declaration of Bill M. Wade, Esq., is submitted herewith stating the facts concerning Mr. Hodes' refusal to sign this application.

A court action is pending in state court to determine ownership of this invention, and a copy of the Complaint in that pending court action is attached to the supporting Declaration of Mr. Wade.

On information and belief, Mr. Hodes' work address is:

Peregrine Marketing, LLC  
5350 Poplar Avenue, Suite 750  
Memphis, Tennessee 38119

1 On information and belief, Mr. Hodes' last-known residential mailing address is:

2 Mark B. Hodes

3 7009 Rose Trail Drive

4 Memphis, Tennessee 38135

5 The other named inventor for this application, namely, Barry J. Fiala, has signed the  
6 Declaration for this application, and the Declaration executed by Mr. Fiala is submitted with  
7 the Response filed concurrently herewith to the Notice to File Missing Parts.

8 Submitted concurrently herewith is a Response to the Notice to File Missing Parts,  
9 together with the required fee for filing said Response and for an extension of time for said  
10 Response, and the fee for this Petition. If any additional fee should be required for  
11 submission of this petition or for submission of the papers filed concurrently herewith, or if  
12 any refund should be due, please charge any such additional fees or credit any overpayment  
13 concerning the filing of this petition and the papers filed concurrently herewith to Deposit  
14 Account No. 23-0125.

15 Respectfully submitted,

16 Riverborne Communications, LLC,  
17 Assignee

18 Date:

8/13/2002

By:

Russell H. Walker

19 I hereby certify that this correspondence  
20 is being deposited with the United States  
21 Postal Service as first class mail in an en-  
22 velope addressed to: Commissioner  
23 for Patents, Washington, D.C. 20231,  
24 on 8/13/2002

25 Russell H. Walker  
26 Russell H. Walker Reg. No. 35,401  
27 Date: 8/13/2002

Russell H. Walker  
6363 Poplar Ave., Suite 434  
Memphis, Tennessee 38119-4896  
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Registration No. 35,401  
Attorney for Assignee



Re: Patent Application

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

*In re Application of:* Barry J. Fiala and Mark B. Hodes  
*Application No.:* 10/041,934  
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*Assignee:* Riverborne Communications, LLC  
*Att'y Docket No.:* A0,031  
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Commissioner for Patents  
Washington, D.C. 20231

**Declaration of Bill M. Wade, Esq.  
in Support of Petition under 37 C.F.R. §1.47(a)  
when an Inventor Refuses to Sign**

I, Bill M. Wade, hereby declare as follows:

1. I am an attorney licensed to practice in the State of Tennessee, having a Tennessee Board of Professional Responsibility registration number of #21056.
2. Upon information and belief, Mark B. Hodes is a named inventor of U.S. Patent Application No. 10/041,934 (the "Application"), filed on or about January 8, 2002, in the U.S. Patent and Trademark Office.
3. On or about July 26, 2001, an action styled *Riverborne Communications, LLC v. Mark Hodes* was filed in Chancery Court in Memphis, Tennessee as Case No. CH-01-1564-3, to obtain a court order holding, *inter alia*, that Riverborne Communications, LLC ("Riverborne") is the owner of the invention disclosed and claimed in said Application, and to further order Mark Hodes to sign an Assignment to

Riverborne to that effect, and to sign any necessary papers required by the U.S. Patent and Trademark Office.

4. I am an attorney representing Riverborne in said action.

5. A copy of Riverborne's First Amended Complaint, filed September 24, 2001, is attached hereto as Exhibit A.

6. No trial has yet begun in said action, and no judgment has been entered in said action.

7. Mr. Hodes's attorneys have petitioned the Court in said action to be allowed to withdraw from further representation of Mr. Hodes in said action, and the Court has granted the requested permission and Mr. Hodes's attorneys have withdrawn from further representation.

8. I have personal knowledge that Mr. Hodes is not currently represented by an attorney.

9. I know that Mr. Hodes's present work address is:

Peregrine Marketing, LLC  
5350 Poplar Avenue, Suite 750  
Memphis, Tennessee 38119

10. Upon information and belief, Mr. Hodes's last known residential mailing address is:

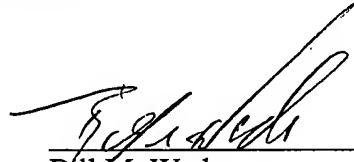
Mark B. Hodes  
7009 Rose Trail Drive  
Memphis, Tennessee 38135

11. At least as recently as August 8, 2002, we presented Mr. Hodes with a Declaration for said Application for his execution as an inventor.

12. On August 9, 2002, I personally spoke with Mr. Hodes in a telephonic conversation, and he expressly and unequivocally refused to sign said Declaration for said Application.

I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of this application or any patent issued thereon.

Date: August 9, 2002

  
\_\_\_\_\_  
Bill M. Wade  
Tennessee B.P.R. No. 21056  
Attorney for Riverborne  
Communications, LLC  
PIETRANGELO COOK PLC  
6410 Poplar Avenue, Suite 190  
Memphis, Tennessee 38119  
Phone: (901) 685-2662  
Fax: (901) 685-6122

IN THE CHANCERY COURT OF SHELBY COUNTY, TENNESSEE  
FOR THE THIRTIETH JUDICIAL DISTRICT AT MEMPHIS

RECEIVED  
SEP 24 2002

RIVERBORNE COMMUNICATIONS, LLC,

OFFICE OF PETITIONS

Plaintiff,

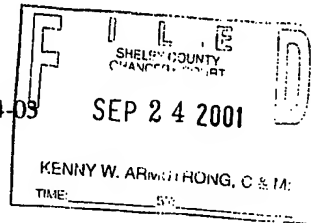
v.

MARK HODES,

Defendant.



No. CH-01-1564-03



**FIRST AMENDED COMPLAINT FOR DECLARATORY JUDGMENT,  
INJUNCTIVE RELIEF, AND MONEY DAMAGES**

TO THE HONORABLE CHANCELLORS OF THE CHANCERY COURT OF SHELBY  
COUNTY, TENNESSEE:

COMES NOW Riverborne Communications, LLC ("Riverborne") and for its cause of  
action would show the Court as follows:

1. Riverborne is a limited liability company formed and existing under the laws of  
the State of Tennessee with its principal place of business at 119 South Main Street, Suite 500,  
Peabody Place, Memphis, Tennessee 38103.
2. Defendant, Mark B. Hodes ("Hodes") at all times pertinent herein was and is a  
citizen of Shelby County, Tennessee who resided at 6681 Hidden Fern Lane East, Bartlett,  
Tennessee 38135.
3. Barry Fiala, Inc. ("Fiala, Inc."), a non-party to this action, is the assignee and sole  
owner of United States Patent No. 5,918,909 ("909 Patent"), which was issued on July 6, 1999.  
Fiala, Inc. currently owns 30% of the membership interests in Riverborne.
4. On or before the spring of 2000, Hodes was employed by Riverborne, among  
other things, to develop improvements and enhancements to and new applications for the '909  
Patent. Prior to his employment with Riverborne, Barry J. Fiala ("Fiala"), a non-party to this  
action, and the president of Fiala, Inc. and a member of Riverborne, who previously held 50%  
and who currently holds 20.13% of the membership interests in Riverborne had extensive pre-  
employment discussions with Hodes. During these discussions Hodes and Fiala agreed to  
condition Hodes's potential employment with Riverborne upon Hodes ability to conceive,



develop and reduce to practice improvements and enhancements to and new applications for the '909 Patent.

5. During Hodes's employment with Riverborne, Hodes held himself out as and acted in the capacity of president of Riverborne. Hodes currently holds 13.13% of the mebership interests in Riverborne.

6. It was agreed and understood between Riverborne and Hodes that any inventions, and any improvements, developments or enhancement to or any new applications for the '909 Patent made by Hodes, would immediately become the property of and belong to Riverborne.

7. Between the date of his employment and January 5, 2001, Hodes and Fiala developed various new inventions and improvements and enhancements to and new applications for the '909 Patent for point of sale activation of software and metered accounts ("Invention"). Pursuant to the agreements between Riverborne and Hodes and due to Hodes position with Riverborne, the Invention immediately became the property of and thereafter belonged Riverborne.

8. Based on the agreements between Riverborne and Hodes, on or about January 5, 2001, Riverborne, in its role as assignee of all right, title and interest to the Invention, filed an application for a provisional patent on the Invention with the United States Patent and Trademark Office. The inventors of the Invention were shown on such application for provisional patent as Fiala and Hodes and, as agreed, the assignee of the Invention was shown as Riverborne.

9. Even though Hodes does not own any right, title or interest in or to any part of the Invention, Hodes claims to own a portion of the Invention. By his June 27, 2001 letter, Hodes asked Russell H. Walker, the patent attorney handling the provisional patent application on the Invention on behalf of Riverborne, to either move forward with the application for a utility patent on behalf of Hodes and Fiala, or turn the file over to Susan Fentress, a patent attorney whom Hodes had engaged to represent him individually. A copy of the letter is attached hereto as EXHIBIT A and incorporated herein by reference.

10. Upon information and belief, Hodes has engaged the legal services of Susan Fentress to seek a patent for some or all of the methods and apparatus encompassed by the Invention on behalf of Hodes individually. Since Hodes no longer owns any interest in the Invention, any efforts by him or his attorney to obtain a patent will unduly and improperly impair Riverborne's efforts to obtain a patent on the Invention in Riverborne's own name.

11. On June 22, 2001, Hodes tendered his resignation as an employee for Riverborne. That resignation was duly accepted by Riverborne.

12. At the time of his departure Hodes took with him documents and records of Riverborne which included confidential, proprietary and trade secret information belonging to Riverborne. Upon information and belief Hodes continues to use the contents of those documents, records, information and trade secrets for his personal benefit and to the detriment of Riverborne. Additionally, Hodes has disclosed secret and proprietary information of Riverborne to persons or entities outside of Riverborne who had no legal right to receive such information.

13. At all times pertinent to this action Hodes owed to Riverborne a duty not to make any unauthorized disclosure of confidential or proprietary information belonging to Riverborne.

14. Hodes was asked to return the documents and information but failed and refused to do so. Indeed, Hodes falsely represented that he had returned all of Riverborne's documents and information.

15. At the time of his resignation and departure from Riverborne, Hodes owed Riverborne the sum of Ten Thousand Dollars (\$10,000.00), which had been loaned to him by Riverborne. Riverborne set off Hodes' Ten Thousand Dollars (\$10,000) debt with Five Thousand Dollars (\$5,000.00) which was owed to him by Riverborne for services rendered prior to his resignation and departure. Accordingly, Hodes still owes Riverborne the sum of Five Thousand Dollars (\$5,000), the unpaid balance on his loan.

16. At the time of his resignation and departure, Hodes had obtained additional advances from Riverborne for business expenses of Six Thousand Two Hundred Four and 63/100 Dollars (\$6,204.63) which Hodes anticipated incurring on behalf of Riverborne.

17. At the time he received the advances, Hodes knew that Riverborne required evidence that business expenses were actually incurred on behalf of Riverborne. Hodes never provided any evidence that he had incurred those expenses on behalf of Riverborne and, therefore, owes Riverborne the additional sum of Six Thousand Two Hundred Four and 63/100 Dollars (\$6,204.63).

**COUNT I**  
**DECLARATORY JUDGMENT**

18. All averments of paragraphs 1 through 17 are incorporated into this count as if fully recited herein.



19. The actions of Hodes indicate that he is attempting to claim and to exercise ownership rights over the Invention even though he previously transferred and assigned all such right, title and interest in and to the Invention to Riverborne.

20. The actions of Hodes indicate that he is attempting to claim and to exercise ownership rights over the Invention even though Riverborne hired Hodes, among other things, specifically to conceive and reduce to practice inventions, and improvements and enhancement to and new applications for the '909 Patent, including, without limitation, the Invention.

21. The actions of Hodes indicate that he is attempting to claim and to exercise ownership rights over the Invention even though he served Riverborne as the president thereby creating a fiduciary duty, which duty included, but is not limited to, the assignment of rights of any patentable invention, including, without limitation the Invention, to his employer, Riverborne.

22. Pursuant to Tenn. Ann. Code § 29-14-101 *et. seq.*, Riverborne asks the Court to enter an order declaring the parties right, title and interest in and to the Invention. More precisely, Riverborne asks the Court declare that all right, title and interest in and to the Invention is vested in Riverborne and that Hodes has no right, title or interest in or to the Invention whatsoever.

23. Riverborne further asks the Court to enjoin Hodes from falsely representing to others that he has any ownership in the Invention.

## COUNT II CONVERSION

24. The averments of paragraph 1 through 23 are incorporated into this count as if fully recited herein.

25. The documents and information which Hodes removed from Riverborne were property of Riverborne.

26. Hodes unlawfully converted and appropriated to his own use documents and information which belonged to Riverborne and has retained copies of Riverborne's records in his own possession. Unless a mandatory injunction is issued requiring Hodes to return all Riverborne documents and information to Riverborne, Riverborne will suffer irreparable injury by virtue of Hodes improperly using those records for his own personal benefit and to the detriment of Riverborne.

27. Riverborne asks the Court to enter a mandatory injunction directing Hodes to return all Riverborne documents and information to Riverborne and to refrain from any use of such documents or information or trade secrets which he learned while employed by Riverborne.

**COUNT III**  
**BREACH OF CONTRACT**

28. The averments of paragraphs 1 through 27 are incorporated into this count as if fully recited herein.

29. Pursuant to his agreements with Riverborne, Hodes owes Riverborne the sum of Eleven Thousand Two Hundred Four and 63/100 Dollars (\$11,204.63).

30. By debt owed, Hodes violated his agreement with Riverborne such that Hodes now owes Riverborne the sum of Eleven Thousand Two Hundred Four and 63/100 Dollars (\$11,204.63).

**COUNT IV**  
**MISAPPROPRIATION OF TRADE SECRETS**

31. The averments of paragraphs 1 through 30 are incorporated into this count as if fully recited herein.

32. Upon information and belief Hodes unlawfully took from Riverborne documents and information which constitute "trade secrets" as that term is defined by Tenn. Code Ann. § 47-25-1702.

33. Upon information and belief, Hodes has and continues to wrongfully communicate to third parties the trade secrets of Riverborne, which Hodes learned only by virtue of his management position with and his ownership of membership interests in Riverborne.

34. Upon information and belief, Hodes used Riverborne's trade secrets without Riverborne's express or implied consent in violation of Tenn. Code Ann. § 47-25-101 *et seq.*

35. If the documents and information, which include trade secrets, are not returned to Riverborne, it will suffer irreparable harm. Injunctive relief is expressly authorized by Tenn. Code Ann. § 47-25-1703.

**COUNT V**  
**BREACH OF FIDUCIARY DUTY**

36. The averments of paragraphs 1 through 35 are incorporated into this count as if fully recited herein.

37. Defendant Hodes was an owner of membership interests in and a manager of Riverborne and enjoyed a position of dominion and influence over Riverborne.

38. By virtue of his position with Riverborne, Hodes owed a fiduciary duty to act in the best interest of Riverborne, to refrain from using Riverborne's trade secrets and other property to compete against Riverborne and to refrain from usurping a corporate opportunity.

39. Hodes has breached his fiduciary duties by misappropriating Riverborne's trade secrets, including, but not limited to, the contents of Riverborne's files and using them against Riverborne for marketing efforts which Riverborne was pursuing or intended to pursue or could, in the normal course of business, pursue, prior to Hodes' resignation.

40. Hodes has breached his fiduciary duty to Riverborne by misappropriating Riverborne's files.

41. Hodes has breached his fiduciary duty to Riverborne by usurping corporate opportunities previously held by Riverborne.

42. Hodes has breached his fiduciary duties to Riverborne by refusing to assign to Riverborne all of his rights, title and interests to, including, without limitation, the Invention, which Invention Hodes may have conceived and assisted in reduction to practice solely by virtue of his position as President of and an owner of membership interests in Riverborne.

43. As a result of these breaches, Riverborne is suffering immediate and irreparable harm and damages which are difficult to determine at present.

**COUNT VI**  
**UNFAIR COMPETITION**

44. The averments of paragraphs 1 through 43 are incorporated into this count as if fully recited herein.

45. Hodes owed Riverborne a fiduciary duty, as an employee and manager of and an owner of membership interests in Riverborne, to act in the best interests of Riverborne, to refrain from using Riverborne's trade secrets and to refrain from usurping Riverborne's corporate opportunities.

46. As a result of the management position Hodes enjoyed with Riverborne and the frequency and quantity of contacts with customers of Riverborne, Hodes was in a position of dominion and influence over Riverborne.

47. Hodes had a common law and statutory duty to refrain from misappropriating the trade secrets of Riverborne.

48. Hodes' misappropriation of trade secrets and breach of fiduciary duties by taking files and other secrets and using them to compete against Riverborne constitutes unfair competition in violation of the common law of Tennessee.

49. Hodes misappropriation of Riverborne's files and marketing materials such that Riverborne was left without the ability to compete for business and/or was left in a significantly impaired position constitutes unfair competition in violation of the common law of Tennessee.

50. As a result of the unfair competition of Hodes, Riverborne is being irreparably harmed and damaged in an amount which, at present, is difficult to accurately ascertain.

**COUNT VII**  
**UNJUST ENRICHMENT**

51. The averments of paragraphs 1 through 50 are incorporated into this count as if fully recited herein.

52. Riverborne spent significant sums and expended significant resources to market products to the potential customers identified in the files in question and in developing marketing strategies and literature.

53. It would cost a third party significant sums and time to recreate these customer files and marketing materials.

54. Hodes could not have recreated the files which Hodes and those acting in concert with Hodes are now using to compete against Riverborne without having access to Riverborne's files.

55. In fact, Hodes has misappropriated Riverborne's customer files and is now using them, either directly or in concert with third parties, to compete against Riverborne.

56. As a result of having Riverborne's files and other sensitive information, Hodes has been able to avoid expending the significant sums and time attempting to recreate the customer files.

57. Accordingly, Hodes has been unjustly enriched by having access to files and information which Riverborne spent significant money and time in creating.

58. As a result of this unjust enrichment, Riverborne has been irreparably harmed and damaged in an amount which, at present, is difficult to accurately ascertain.

PRAYER FOR RELIEF

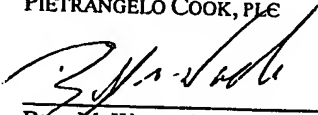
WHEREFORE, premises considered, Riverborne asks that the Court enter judgment in its favor directing the following:

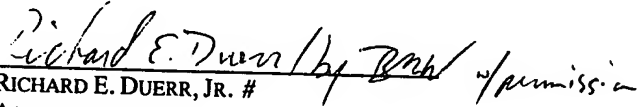
1. That proper process issue to the defendants and that Hodes be required to answer this Complaint;
2. That, pursuant to Tenn. Code Ann. § 47-25-1703 and this Court's equity powers, the Court issue a temporary restraining order whereby Hodes and anyone acting in concert with Hodes, are: (1) enjoined and restrained from engaging in competition with Riverborne as to those projects or accounts on which Hodes was working prior to resigning and those projects or accounts for which Hodes misappropriated Riverborne's or Fiala's files or any portions thereof and (2) ordered not to utilize all files, documents and tangible things which were taken from Riverborne or Fiala.
3. That the Court order an accounting of Riverborne's files and possessions to determine what files (or portions thereof), documents and tangible things were taken from Riverborne and Fiala, Inc.;
4. That the Court order an accounting of the electronic data files and possessions of Hodes and anyone acting in concert with Hodes, to determine what electronic files and data (or portions thereof), electronic data and computer files were copied and misappropriated by Hodes prior to his resignation;
5. That the Court order an accounting of the financial records of Hodes and anyone acting in concert with Hodes, to determine what sales if any have been made on those projects or accounts which were being pursued by Riverborne or Fiala, Inc. through Hodes prior to his resignation from Riverborne;
6. That the Court order a divestiture of any and all actual profits made by and the assignment of any contract, including, without limitation, any financial arrangement, made by Hodes or anyone acting in concert with Hodes on all sales or contracts or other contractual arrangements which have been made on those projects or accounts on or customers or potential customers which Hodes was working on or which Hodes might have worked on on behalf of Riverborne prior to his resignation from Riverborne;

7. That, pursuant to Tenn. Code Ann. § 47-25-1704 and this Court's inherent powers, the Court grant plaintiff its actual damages which at present are estimated to be in amount greater than \$50,000;
8. That the Court grant plaintiff punitive damages for common law misappropriation of trade secrets, breach of fiduciary duty and conversion in an amount greater than \$250,000;
9. That, pursuant to Tenn. Code Ann. § 47-25-1704 and this Court's inherent powers, the Court grant plaintiff damages for unjust enrichment in an amount to be determined at trial;
10. That, pursuant to Tenn. Code Ann. § 47-25-1704, the Court grant plaintiffs exemplary damages in the amount twice plaintiff's actual damages for statutory misappropriation of trade secrets;
11. That, pursuant to Tenn. Code Ann. § 47-25-1705, the Court grant plaintiffs their reasonable attorneys' fees and costs;
12. That the Court assess the costs of this action against Hodes;
13. That the Court grant such further relief to which plaintiffs may be entitled;
14. That Riverborne owns all right, title and interest in and to the Invention; and
15. That Hodes owns no right, title or interest in and to the Invention.

Respectfully submitted,

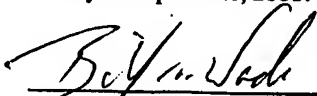
PIETRANGELO COOK, P.C.

  
BILL M. WADE #21056  
INTERNATIONAL PLACE, TOWER II  
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901.685.2662

  
RICHARD E. DUERR, JR. #  
ATTORNEY-AT-LAW  
6410 Poplar Avenue, Suite 190  
Memphis, Tennessee 38119  
901.685-2662

**CERTIFICATE OF SERVICE**

I, Bill M. Wade, hereby certify that a true and accurate copy of the foregoing First Amended Complaint has been served via Facsimile and U.S. Mail to Charles F. Morrow, P.O. Box 171443, Memphis, Tennessee, 38187, on this 24th day of September, 2001.

  
\_\_\_\_\_  
Bill M. Wade



I hereby certify that this correspondence  
is being deposited with the United States  
Postal Service as first class mail in an en-  
velope addressed to: Commissioner for  
Patents, Washington, D.C. 20231, an

8/13/2002

Russell H. Walker

Russell H. Walker Reg. No. 35,401  
Date: 8/13/2002